



2024 Proposed CAR Budget Augmentation

Purpose: In October 2023, the CAR Board of Directors approved a 2024 CAR Budget. This budget was based on an estimated membership number of 28,000. CAR membership has not performed as predicted, resulting in CAR realizing a decrease in membership. Since not reaching this estimated number significantly impacts CAR's budget, we felt it was prudent to present an augmentation that more realistically reflects 2024 membership.

Proposed Revisions: All proposed revisions impact the Administrative Budget. The proposed revisions are meant to allow CAR to have a more realistic budget for 2024 without impacting programs or services to CAR's membership. These revisions also allow us time to observe membership numbers further and present a more sustainable path forward in the 2025 Budget Process.

- **Management Fee Income** – This number has been updated based on a change to the contracted rate between CAR and CAR Foundation that occurred after the 2024 Budget approval.
 - Original approved revenue - \$144,000
 - Proposed revised revenue - \$160,000
- **Member Dues** – This number has been revised to reflect a more realistic membership target for 2024 based on actual membership activity through 2/29/2024. The proposed numbers reflect revenue based on a quarterly proration schedule to account for members joining at different points in 2024.
 - Original approved revenue (28,000 members) - \$5,460,000
 - Proposed revised revenue (26,000 members with proration) - \$4,894,500
 - 23,600 members @ \$195.00
 - 1,000 members @ \$146.25 (75% of \$195 proration)
 - 1,000 members @ \$97.50 (50% of \$195 proration)
 - 400 members @ \$48.75 (25% of \$195 proration)
- **RPAC Allocation** – This number was revised to follow the same proration schedule as dues since it is dependent on that membership number. *Per the CAR BOD, \$5 (prorated) per member is committed to RPAC.*
 - Original approved allocation - \$140,000
 - Proposed revised allocation - \$124,750
- **Issues Mobilization Allocation** – This number was revised to follow the same proration schedule as dues since it is dependent on that membership number. *Per the CAR BOD, \$20 (prorated) per member is committed to IM.*
 - Original approved allocation - \$560,000
 - Proposed revised allocation - \$499,000
- **CAR Reserves (Investment) Withdrawal** – A one-time withdrawal from CAR's Reserves will be necessary to balance the 2024 CAR Budget without impacting programs and services. While we recognize the need to preserve CAR's Reserves and do not take this action lightly, this withdrawal uses CAR's Reserves for its intended purpose. This withdrawal will help the Association stay financially sound until we can gather enough information on membership and other factors to present a more sustainable plan for the upcoming years.

- **CAR Reserves (Investments) Withdrawal cont.** - *Please note that this withdrawal is not needed due to a lack of available cash. CAR's cash account balances remain strong. It is needed to mitigate the reduction in revenue caused by lower membership numbers in order to still present a balanced budget for 2024.*
 - CAR's Reserves stand at approximately \$3.6M. CAR's *required* reserves based on policy are \$2M.
 - The proposed withdrawal from CAR's reserves to balance the 2024 Budget is \$375,000.
- **Credit Card Fees** – This number is highly dependent on membership as the vast majority of fees paid are related to dues collection through Ecommerce. The lower budgeted membership results in significantly fewer credit card transactions, which allows this expense to be reduced.
 - Original approved expense - \$95,000
 - Proposed revised expense - \$80,000
- **Charitable Contributions** – While there was initial discussion around lowering or eliminating this element of the budget to help mitigate the lost revenue, the Finance Committee and Leadership Council both decided that CAR's support of charitable organizations is at the heart of what makes REALTORS who they are. Therefore, this number was increased to stay on par with CAR's charitable contributions in 2023 (\$60,000). This will help CAR support REALTOR Relief Fund (RRF), CARF, and other causes. \$25,000 of the proposed amount will be earmarked for RRF, with the potential to increase that amount depending on further evaluation later this year. The remainder will be allocated to CARF and other worthy organizations.
 - Original approved expense - \$30,000
 - Proposed revised expense - \$50,000
- **Net Profit**
 - Original approved Net Profit - \$107,050
 - Proposed revised Net Profit - \$3,800

Net Impact: The proposed changes will allow us to plan more realistically for 2024 while still presenting a 'net positive' budget. While the newly proposed net profit is slim, both the Finance Committee and Leadership Council agreed that this number is workable and avoids increasing the amount withdrawn from CAR Reserves more than necessary. As the 2025 budget process approaches, we can better ascertain what membership numbers will do in the future and make better decisions toward a sustainable budget for 2025 and beyond.

Notes: As of 3/25/2024, both the Finance Committee and Leadership Council have reviewed and approved these budget augmentations for presentation to the CAR BOD. We will continue to evaluate membership and other numbers throughout 2024, and if needed, the Finance Committee will be ready to consider and propose further adjustments.